

EXPEDITED
AZ CORP COMMISSION
FILED

FEB 4 2 43 PM '98

APPR *S. the Hawkins*
DATE APR 2-4-98
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ARTICLES OF INCORPORATION
OF
WINDOW ROCK EAST HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND PERPETUAL DURATION

The name of the corporation is Window Rock East Homeowners Association, hereafter called the "Corporation". The Corporation is a regular corporation under Arizona law. The period of duration shall be perpetual.

ARTICLE II

OFFICE

The principal office of the Corporation is located at 5455 South Palo Verde Road, Tucson, AZ 85706

ARTICLE III

STATUTORY AGENT

Mark Skidmore whose address is 10040 N. 38th Street, Phoenix, Arizona is the statutory agent of this Corporation.

ARTICLE IV

PURPOSE AND POWERS OF THE CORPORATION

This Corporation does not contemplate pecuniary gain or profits to the Members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its Members and to provide for architectural control of the subdivision in Pima County, Arizona, known as Window Rock East

and maintenance and preservation of certain Common Areas and other areas of responsibility of the Corporation. The subdivision is governed by the Declaration of Covenants, Conditions, Restrictions and Easements for Window Rock East (the "Declaration") recorded in the office of the Pima County Recorder, and any capitalized terms not otherwise defined herein shall have the meanings assigned to them by the Declaration.

The Corporation shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways or alleys. Consolidation or annexation, except as provided in the Declaration, shall have the assent of at least two-thirds of the votes of each class of Members at a quorum of Members voting in person or by proxy.

ARTICLE V

MEMBERSHIP

Membership shall be determined as provided in the Declaration. Each Owner of a Lot shall be entitled to membership, and membership shall be appurtenant to ownership.

ARTICLE VI

VOTING RIGHTS

The Members' voting rights shall be determined as provided in the Declaration. There shall be two(2) classes of membership, Class A and Class B. The Class B shall be the Declarant and each Developer, and the Class A shall be all other Lot Owners. Declarant and the Developers shall have five (5) votes for each Lot owned within the Properties, all as set forth in the Declaration. Class A Members shall have one (1) vote for each Lot owned.

The Developer's and Declarant's Class B Membership shall cease and convert to Class A Membership on the earlier of the following events as provided in the Declaration: (a) The expiration of three (3) months following the

conveyance of the last Lot by Declarant or its successors covered by the Declaration; or (b) When the Declarant notifies the Association in writing that it relinquishes its' Class B membership in favor of Class A membership.

ARTICLE VII

INITIAL BUSINESS

The character of business that the Corporation initially intends actually to conduct in this state is the operation of a homeowners association and the maintenance of such Common Areas and other properties as may be described in the Declaration's areas of responsibility of the Corporation.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a Board of Directors of not less than three (3) persons. The number and term of Board members shall be provided in the Bylaws of the Corporation. The names and addresses of the persons elected to serve as Directors until the next annual meeting of Members or until their successors are elected and qualified are:

Mark Skidmore
10040 N. 38th Street
Phoenix, Az 85028

Dave Chah
7531 N. 21st Place
Phoenix, Az 85020

Mark Brill
5275 N. Corte Puesta Del Sol
Tucson, Az. 85718

ARTICLE IX

ORIGINAL INCORPORATORS

The original incorporator is Mark Skidmore, whose address is 10040 N. 38th Street, Phoenix, Arizona .

ARTICLE X

ADDRESS OF CORPORATION

The address of the Corporation's known place of business is 5455 South Palo Verde Road, Tucson, AZ 85706.

ARTICLE XI

DISSOLUTION

The Corporation may be dissolved only in accordance with the provisions of the Declaration and in accordance with the Arizona law. Any dissolution shall be approved in writing by the holders of not less than seventy-five (75%) percent of the total votes of Members entitled to vote and, upon dissolution, other than incident to a merger or consolidation, the assets shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, the assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XII

LIMITATION OF DIRECTOR'S LIABILITY

The personal liability of the directors to the Corporation or its Members for monetary damage for breach of fiduciary duty is eliminated to the fullest extent permitted by applicable law. Neither this provision nor any other provision in

these Articles shall eliminate or limit the liability of a director for any of the following:

- (a) Any breach of any such person's duty of loyalty to the Corporation or its Members.
- (b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law.
- (c) A violation of A.R.S. § 10-2326 (issuance of shares of stock and distribution of income or profit to Member, directors or officers prohibited).
- (d) Any transaction from which the director derived an improper person benefit.
- (e) A violation of A.R.S. § 10-2550 (director conflicts of interest).

For purposes of this provision, "director" shall include trustees or persons who serve on a board or council of the Corporation in an advisory capacity.

ARTICLE XIII INDEMNIFICATION

Pursuant to A.R.S. § 10-2317.D, any person who serves as a director or who serves on a board or council in an advisory capacity to the Corporation or board of directors of the Corporation shall be immune from civil liability and shall not be subject to suit directly or by way of contribution for any act or omission resulting in damage or injury if such person was acting in good faith and within the scope of his official capacity, unless such damage or injury was caused by willful and wanton or grossly negligent conduct of such person, providing that such limitation of liability does not modify the duties or liabilities of a director or person serving in an advisory capacity to the Corporation or the Corporation's Members.

Every officer or director of the Corporation may be indemnified by the Corporation against all expenses, liabilities, and penalties, including counsel fees, reasonably incurred by or imposed upon him in connection with any

proceeding to which he may be made a party or in which he may become involved by reason of any acts or omissions alleged to have been committed by him or acts within the scope of his employment as a director or officer of the Corporation, including any settlement thereof, provided that the board of directors determines that such person acted in good faith and did not act, fail to act, or refuse to act willfully with gross negligence, with fraudulent or criminal intent in regard to the matter involved in the action or proceeding.

The Corporation shall have the power to purchase and maintain insurance on behalf of the person who is or was a director or officer of the Corporation or was serving at the request of the Corporation as a director or officer against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the Corporation would have had the power to indemnify him against such liability under this Article.

The right of indemnification herein above provided shall not be exclusive of any rights to which any director or officer of the Corporation may otherwise be entitled by law.

ARTICLE XIV AMENDMENT

These Articles may be amended by the vote of at least three fourths (3/4) of the Members of the Properties, but no amendment may conflict with the Declaration or affect any reserved rights or privileges or exemptions of the Declarant or Developer, and amendments shall first be proposed by the Board of Directors to the extent required by law. So long as there is a Class B Membership, however, the following actions will require approval of the Federal Housing Administration (FHA) or the Veterans Administration (VA), as applicable, if such agencies have previously approved of these Articles of Incorporation upon application by Declarant: annexation of additional property (unless already provided for in the Declaration or in a phasing plan approved by

FHA or VA, in which case Declarant may accomplish such Annexation without further consent), mergers and consolidations, mortgaging of Common Areas, dedication of Common Areas, dissolution and amendment of these Articles. Amendment of the Corporation Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of not less than three fourths (3/4) of the Members voting at a meeting at which a quorum of members is present. Declarant reserves the absolute right of its own volition, and without any other consent, to amend these Articles should such amendment be required in order to achieve compliance with the regulations of FHA, VA or the Federal National Mortgage Association.

ARTICLE XV

CONFLICTS

In the case of any conflict between the terms hereof and the Declaration, the Declaration shall always control, and in the case of a conflict with the Bylaws, these Articles of Incorporation shall control.

DATED: 2-3-98

INCORPORATOR:



CONSENT OF STATUTORY AGENT

Mark Skidmore having been designated to act as Statutory Agent, hereby consents to act in that capacity until removed or its resignation is submitted.

DATED: 2-3-98

By: Mark A Skidmore

Name: MARK A SKIDMORE